

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEAL OF JACK AND)	APPEAL NO. 07-A-2434
PATRICIA BLACKWELL from the decision of the)	FINAL DECISION
Board of Equalization of Owyhee County for tax year)	AND ORDER
2007.)	

RESIDENTIAL PROPERTY APPEAL

THIS MATTER was reviewed on the written record created. Board Members Lyle R. Cobbs, David E. Kinghorn and Linda S. Pike participated in this decision. According to an Order for Briefs, the Blackwells submitted written information in support of their appeal. Respondent Owyhee County also presented its case in writing. This appeal is taken from a decision of the Owyhee County Board of Equalization denying the protest of the valuation for taxing purposes of property described as Parcel No. RP005600010120A.

The issue on appeal is the market value of a residential property.

The decision of the Owyhee County Board of Equalization is affirmed.

FINDINGS OF FACT

The subject property's assessed land value is \$185,000, the residence is \$275,503, and the hanger is \$49,245, totaling \$509,748. Appellant requests the land value be reduced to \$105,000, the residence be reduced to \$262,800, and the hanger remain at \$49,245, totaling \$417,045.

The subject property is a 1.00 acre riverfront lot, improved in 2005 with a custom residence. The site improvements also include a hanger. The property is located in a subdivision (Sky Park) bordering the Snake River which includes a private airstrip. Subject is one of the properties situated next to the runway and fronts on the river. Subject and other lots in the subdivision enjoy access to a common area along the shoreline, as well as access to the private runway and a geothermal water system. Subject's waterfront is not landscaped or

otherwise improved.

Subject's 2007 assessed value represented a substantial increase over the 2006 valuation. Appellant's suspect bias or inequitable treatment is reflected in the current assessed value.

In reviewing Appellants' written submissions the Board did not locate a precise calculation or explanation for the \$417,045 value claim. Portions of a fee appraisal were submitted relating to construction financing. The appraisal, dated January 25, 2004¹, came in at \$340,000, but did not include a valuation for the hanger now in place. The appraisal included a proposed residence with square footage of 2,377. The estimated site value was \$97,000. Three (3) improved property sales were referenced. None were located within Sky Park. The parties agree there was a dearth of comparable sales within Sky Park. All of the fee appraiser's comparable sales required sizable net positive adjustments. The appraisal's estimated price appreciation at the time of valuation was 4% per annum. Subject's bare land was purchased in mid-2003 for \$87,500.

The chief concerns with the subject assessment related to equity. Multiple comparisons were made to other property assessments, including riverfront parcels. For 2007, subject and other riverfront lots inside subdivisions were valued on a front foot (lineal feet) basis. It was argued the new front foot methodology did not adequately or fairly reflect a property's relative utility. It was also considered improper to use a front foot basis for properties *inside* subdivisions and not across the board for all riverfront homesites. Appellants primarily addressed the equity concerns in relation to the subject lot. Some comparisons regarding the improvements were

¹ The appraisal date may be a typographical error. The report was signed on February 2, 2005 and references comparable sales from mid-2004. These sale prices are positively adjusted for date of sale.

made by comparing relative percents of increase from 2006 to the 2007 tax year.

Subject is reportedly subject to some flooding being located in a flood plain. Such flooding was apparently not a universal occurrence for the riverfront property in Sky Park or in other high-amenity subdivisions along the river. The degree or extent of this impact on subject's use and enjoyment was not detailed. The fee appraisal made no adjustment for the flooding, nor did the Assessor.

The County provided "excerpts" from a number of legal standards applicable to property assessment. One such reference was to Idaho Code § 63-205(1) which requires all real property subject to assessment be appraised at market value as of 12:01 a.m. of the first day of January in the current tax year. Further information was shared on how County assessments are measured by the State Tax Commission (STC) for compliance with the market value standard.

It was described how the assessor's office collects sales information used to appraise property under the market value standard. All sale prices were reportedly time-adjusted to reflect the January 1 assessment date. For analytical purposes, sales were segregated into various subsets by region and category. Subject was compared to riverfront and subdivision sales. Because Sky Park had no recent riverfront sales, data from other subdivision(s) with riverfront sales was considered, namely the Hidden Valley Estates subdivision.

At the STC's recommendation, riverfront property was compared and valued on a front foot basis for 2007. Appellants contended Hidden Valley Estates had a number of features superior to Sky Park including entrance landscaping and individual lot fencing. They held the comparison was improper but offered no alternative, timely riverfront sales information. It was noted by the County, that Appellants' fee appraiser also found a lack of sales in Sky Park, and

used a comparable sale from Hidden Valley Estates.

In 2006, the County was notified by the STC that its subdivision ground was significantly out of compliance (under-assessed). The County proceeded in 2007 to review subdivision values. Subject's assessment was increased significantly, most particularly with respect to the land component. The 2007 assessed values of subdivision lots were tested against new sales prices and the new assessments were found to be in compliance with equalization standards.

Respondent explained why in some instances value must be attributed (allocated) to the first acre under a residence. This step was pursued on some assessments compared by Appellants. The allocation was done in order to calculate the homestead exemption which applies to residential improvements and the land value associated with the first acre. Where subject is one (1) acre in size, all the land value was kept together for assessment purposes.

CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

Subject is an improved residential property located adjacent to the Snake River and a private airstrip. The orientation to the Snake River and a private runway are rather unique. The determination of lot values in Sky Park was complicated by a limited number of recent, arm's-length comparable sales in a marketplace with rapidly appreciating prices. There were no bare lot sales in subject's area of Sky Park. Under the circumstances, the Assessor's consideration of recent riverfront lot sales in other high-amenity subdivision(s) was reasonable.

Neither party presented complete or detailed documentation on how they calculated their

respective values for the property. Evidence of the assessed values of other property is not considered good evidence of market value. Recent, proximate sales of similar property is typically considered the best evidence of market value for residential property like subject. The sales may be considered through a cost or sales comparison approach to value. Idaho Code § 63-208(1). It is evident the County used a cost approach to value subject, but the appraisal work papers were not submitted to the record.

Appellants' sale price evidence on the subject lot (2003) and the fee appraisal (2004) were "dated". There was no effort made to quantify an indicated time adjustment to reflect the current years assessment date of January 1, 2007. Idaho Code § 63-205(1). Such an adjustment would have been marginal anyway given the long time spans.

The valuation of property for assessment purposes is presumed to be correct. It is necessary to show error by a preponderance of the evidence, otherwise the assessment will be upheld. Idaho Code § 63-511(4); *Bd. of County Comm'rs of Ada County v. Sears, Roebuck & Co.*, 74 Idaho 39, 46-47, 256 P.2d 526, 530 (1953). Appellants have not presented a supported case regarding their claim for subject's current market value. Subject is therefore presumed to be assessed at its full market value.

The chief concern from taxpayers was with subject's land value and with equitable assessment treatment. Appellants challenged various aspects of the County's land valuation. As noted above a better appraisal was not demonstrated. Regarding the flooding issue, the extent and impact were not sufficiently specified. No appraisal adjustment could be considered. On the equity issue, the Board finds Taxpayers have not proven subject was assessed at a higher percentage of market value in comparison to like properties. That other properties would be assessed for more or less value is to be expected. Importantly, the market value of the

compared properties was not spoken to or demonstrated. It could not be determined if these compared properties were systematically and intentionally under-assessed in contrast to their respective market values. Other highly similar lots in Sky Park were systematically valued at the same rate per front foot. This was not improper or unreasonable.

The County considered key factors which typically bare on market value. The subject lot was successfully developed with a large residence and hanger. The subject has obtained financing. The appraisal of subject is, and apparently has been, a challenging valuation question. In conclusion, the Board finds Appellants' have not presented a well supported valuation of the property, nor has an assessment uniformity problem been proven. Therefore the Board will affirm the value decision of the Owyhee County Board of Equalization.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Owyhee County Board of Equalization concerning the subject parcel be, and the same hereby is, affirmed.

MAILED APRIL 30, 2008